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FEBRUARY REVENUES

NASHVILLE – Sales tax collections for February were more than the state estimated, keeping state revenues above budgeted estimates. Finance and Administration Commissioner Dave Goetz reported today that February revenues were above the budgeted estimate, at \$12.2 million more than the state budgeted.

“The primary drivers in sales tax collections for February were building materials and home furnishings, which points to consumer confidence in Tennessee’s economy,” Goetz said. “While it’s certainly an encouraging sign for our economy, we must move forward cautiously in order to maintain our fiscal stability.”

On an accrual basis, February is the seventh month in the 2005-2006 fiscal year. Department of Revenue collections were \$657 million.

The general fund was \$14 million overcollected and the four other funds undercollected by \$1.8 million.

Sales tax collections were \$21.5 million more than the estimate for February. For seven months revenues were overcollected by \$50.2 million.

Franchise and excise taxes were \$9.7 million less than the estimate of \$26 million. For seven months revenues were \$12.6 million undercollected.

Gasoline and motor fuel collections decreased by 4.74% and were \$2.1 million less than the budgeted estimate of \$69.5 million. For seven months, collections were \$7.1 million more than the estimate.

Year-to-date collections for seven months were \$75.3 million more than the budgeted estimate. The general fund was overcollected by \$67.5 million and the four other funds were overcollected by \$7.8 million.

The revised estimates presented in the new budget document assume an \$86 million surplus in sales tax collections, a surplus of \$61.6 million in franchise and excise taxes, and a general fund surplus of \$177.4 million.

The budgeted revenue estimates are based upon the State Funding Board’s consensus recommendation adopted by the first session of the 104th General Assembly in May of last year.

<p align="center">REVENUE COLLECTIONS FEBRUARY, 2006, AND 7 MONTHS YEAR-TO-DATE</p>
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February Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$511,265,000	\$525,262,000	\$13,997,000
Highway Fund	55,787,000	53,873,000	(1,914,000)
Sinking Fund	22,589,000	22,734,000	145,000
City & County Fund	52,807,000	53,065,000	258,000
Earmarked Fund	2,306,000	2,064,000	(242,000)
Total	\$644,754,000	\$656,998,000	\$12,244,000

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$4,543,916,000	\$4,611,381,000	\$67,465,000
Highway Fund	363,048,000	365,932,000	2,884,000
Sinking Fund	161,845,000	162,134,000	289,000
City & County Fund	393,098,000	399,867,000	6,769,000
Earmarked Fund	18,288,000	16,198,000	(2,090,000)
Total	\$5,480,195,000	\$5,555,512,000	\$75,317,000

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	February			
	2005	2006	Change	Percent
Franchise & Excise	\$34,578,000	\$16,328,000	-\$18,250,000	-52.78%
Income	1,739,000	2,674,000	935,000	53.77%
Inheritance & Estate	7,855,000	4,366,000	-3,489,000	-44.42%
Gasoline	51,141,000	46,911,000	-4,230,000	-8.27%
Petroleum Special	5,195,000	5,078,000	-117,000	-2.25%
Tobacco	7,771,000	10,980,000	3,209,000	41.29%
Beer	1,319,000	1,355,000	36,000	2.73%
Motor Vehicle Registration	22,456,000	22,358,000	-98,000	-0.44%
Motor Vehicle Title	896,000	844,000	-52,000	-5.80%
Mixed Drink	3,325,000	4,016,000	691,000	20.78%
Business	823,000	1,737,000	914,000	111.06%
Privilege	15,947,000	19,867,000	3,920,000	24.58%
Gross Receipts	35,000	199,000	164,000	468.57%
TVA - In Lieu of Tax Payments	18,067,000	18,344,000	277,000	1.53%
Alcoholic Beverage	2,151,000	2,380,000	229,000	10.65%
Sales and Use	446,986,000	483,846,000	36,860,000	8.25%
Motor Vehicle Fuel	14,467,000	15,459,000	992,000	6.86%
Severance	116,000	143,000	27,000	23.28%
Coin-operated Amusement	0	2,000	2,000	NA
Unauthorized Substance	0	111,000	111,000	NA
Total	\$634,867,000	\$656,998,000	\$22,131,000	3.49%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - February			
	2004-2005	2005-2006	Change	Percent
Franchise & Excise	\$590,579,000	\$611,786,000	\$21,207,000	3.59%
Income	11,743,000	17,418,000	5,675,000	48.33%
Inheritance & Estate	47,998,000	44,218,000	-3,780,000	-7.88%
Gasoline	360,075,000	356,598,000	-3,477,000	-0.97%
Petroleum Special	37,386,000	37,906,000	520,000	1.39%
Tobacco	67,432,000	73,263,000	5,831,000	8.65%
Beer	9,933,000	10,278,000	345,000	3.47%
Motor Vehicle Registration	124,802,000	126,177,000	1,375,000	1.10%
Motor Vehicle Title	6,393,000	6,190,000	-203,000	-3.18%
Mixed Drink	24,292,000	28,073,000	3,781,000	15.56%
Business	8,584,000	10,171,000	1,587,000	18.49%
Privilege	136,209,000	161,981,000	25,772,000	18.92%
Gross Receipts	13,073,000	13,138,000	65,000	0.50%
TVA - In Lieu of Tax Payments	124,767,000	128,298,000	3,531,000	2.83%
Alcoholic Beverage	21,869,000	23,119,000	1,250,000	5.72%
Sales and Use	3,523,224,000	3,797,760,000	274,536,000	7.79%
Motor Vehicle Fuel	100,823,000	107,415,000	6,592,000	6.54%
Severance	825,000	1,079,000	254,000	30.79%
Coin-operated Amusement	64,000	63,000	-1,000	-1.56%
Unauthorized Substance	0	581,000	581,000	NA
Total	\$5,210,071,000	\$5,555,512,000	\$345,441,000	6.63%

Table 3
August - February Revenue Overcollections/(Undercollections)
Budgeted Estimate

	General Fund	Other Funds	Total
Sales Tax	\$ 47,900,000	\$ 2,300,000	\$ 50,200,000
Income Tax	2,300,000	900,000	3,200,000
Inheritance Tax	(8,700,000)	0	(8,700,000)
Privilege Tax	25,600,000	(2,100,000)	23,500,000
Business Tax	2,100,000	0	2,100,000
TVA	(100,000)	(100,000)	(200,000)
Gross Receipts	1,700,000	0	1,700,000
Gasoline & Motor Fuel Taxes	0	7,100,000	7,100,000
Motor Vehicle Registration	(200,000)	(1,900,000)	(2,100,000)
Other Taxes	9,500,000	1,600,000	11,100,000
Sub-Total	\$ 80,100,000	\$ 7,800,000	\$ 87,900,000
F & E Taxes	(12,600,000)	0	(12,600,000)
Total	\$ 67,500,000	\$ 7,800,000	\$ 75,300,000